

**NOTICE OF LIQUIDATION - POLICYHOLDERS
of NATIONAL STATES INSURANCE COMPANY ("National States")**

Huff v. National States Ins. Co., Case No. 10AC-CC00219, Circuit Court of Cole County Missouri)

To: policyholders and certificate holders who may have claims against National States:

On November 15, 2010, a Judgment, Decree and Order of Liquidation with Finding of Insolvency (the "Judgment") was entered against National States, by the Circuit Court of Cole County, Missouri (the "Court") in Case No. 10AC-CC00219.

The Judgment found National States to be insolvent, terminated the rehabilitation proceedings concerning National States that had been pending since April 1, 2010, and appointed John M. Huff, Director of the Missouri Department of Insurance, as Liquidator of National States and Bruce E. Baty as Special Deputy Receiver of National States. The Liquidator was directed to take possession of the property, books, records and assets of National States and to administer them under the supervision of the Court. The Liquidator is vested by operation of law with title to all of the property, contracts and rights of action, and all books and records of National States, wherever located, and all other authority granted to the Liquidator under the Missouri Insurers Supervision, Rehabilitation and Liquidation Act, Mo. Rev. Stat. § 375.1150 *et seq.* A copy of the Judgment can be found at the website: www.nstates.com.

Consistent with Mo. Rev. Stat. § 375.1188, the Judgment enjoins the commencement, prosecution or further prosecution of any suit, action or other proceeding against or involving National States, its property or assets, the Liquidator or its former Rehabilitator, other than claims asserted as part of the Liquidation proceeding.

Information as to Guaranty Associations and Coverage

Each state in which National States was licensed to do business has created a life and health guaranty association to provide protection for policyholders and beneficiaries of insolvent insurance companies, like National States, subject to certain statutory limitations. To the extent your policy is covered by a guaranty association, your policy shall continue in force for such period and under such terms as is provided by your guaranty association's enabling statute and other applicable laws. Coverage provided by the guaranty associations will be subject to certain statutory caps and limitations applicable to each guaranty association. In order to ensure the continuation of any coverage to be provided by your guaranty association, you must continue to pay premium for the period of such coverage. Failure to make such premium payments could result in termination of coverage.

Claims Procedure

If you are a National States policyholder or certificate holder and have a claim arising under a National States policy, please continue to submit those to National States per the terms of your policy. The Liquidator has entered into a Court approved Service Agreement with the National Organization of Life and Health Insurance Guaranty Associations ("NOLHGA"), pursuant to which the Liquidator will provide to the guaranty associations claims processing and other administrative functions required in order for payment to be made on those claims which qualify as covered obligations of the affected guaranty association.

Pursuant to the Judgment, policyholders, certificate holders and beneficiaries need *not* file a proof of claim for benefits and other amounts due under National States policies.

If you have any questions regarding this Notice, other matters related to National States, or the liquidation proceeding, please call 800-868-6788 or write to the address set forth below:

National States Insurance Company
Attention: Special Deputy Receiver
1830 Craig Park Ct.
Suite 100
St. Louis, MO 63146

BY ORDER OF THE COURT dated November 15, 2010.

Bruce E. Baty
Special Deputy Receiver of National States Insurance
Company